

Official Form 26 (12/08)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF MISSISSIPPI**

In re: FRANCHISE SERVICES OF NORTH AMERICA, INC. Debtor)))))))	CASE NO. 17-02316-EE Chapter 11
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**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY OF
ENTITIES IN WHICH THE ESTATE OF FRANCHISE SERVICES OF NORTH AMERICA,
INC. HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of March 31, 2017 on the value, operations and profitability of those entities in which the estate holds a substantial or controlling interest, as required by Bankruptcy Rule 2015.3. The estate of **FRANCHISE SERVICES OF NORTH AMERICA, INC.** holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of the Estate	Tab #
U-Save Holdings, Inc.	100%	1
FSW, LLC	100%	2

This periodic report (the “Periodic Report”) contains separate reports (“Entity Reports”) on the value, operations, and profitability of each entity listed above.

Each Entity Report shall consist of three exhibits. Exhibit A contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Exhibit B contains a balance sheet, a statement of income (loss), a statement of cash flows, and a statement of changes in shareholders’ or partners’ equity (deficit) for the period covered by the Entity Report, along with summarized footnotes. Exhibit C contains a description of the entity’s business operations.

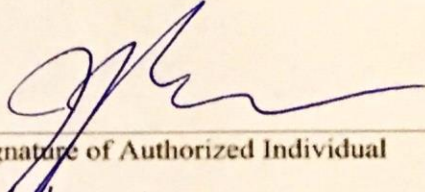
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Date: 7/25/17

THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE TRUSTEE OR DEBTOR IN POSSESSION.

The undersigned, having reviewed the above listing of entities in which the estate of [Debtor] holds a substantial or controlling interest, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his/her knowledge.



Signature of Authorized IndividualJoe Nash

Name of Authorized IndividualCEO

Title of Authorized Individual

[If the Debtor is an individual or in a joint case]

Signature(s) of Debtor(s) (Individual/Joint)_____
Signature of Debtor_____
Signature of Joint Debtor

TAB 1

Form 26
Exhibit A
U-Save Holdings, Inc. as of March 31, 2017

Valuation for U-Save Holdings

The valuation for U-Save Holdings is unknown at the present time. Our investment banker, Equity Partners HG, will be asked to propose an estimated valuation range for U-Save Holdings.

We believe the value, as of March 31, 2017, to be somewhere in the range of \$863,343, the amount of cash on hand, and \$2,967,007, the amount of Total Shareholders' Equity held on the Balance Sheet. The value of the company presented here is as of March 31, 2017, and is a dynamic value, and is likely to have changed between March 31, 2017 and the Petition Date.

TAB 1

U-Save Holdings, Inc. and Subsidiaries
Consolidated BALANCE SHEET
MARCH 31, 2017

	UNAUDITED As of March 31, 2017 US \$	Audited As of Sept 30, 2016 US \$	Net Change
ASSETS			
Cash and cash equivalents	\$ 863,343	\$ 1,523,269	\$ (659,926)
Restricted cash and cash equivalents	1,772,021	1,944,616	(172,595)
Accts receivable, net of allowances for doubtful accounts	1,530,700	1,748,455	(217,755)
Related party accounts receivable	14,493	16,530	(2,037)
Related party notes receivable	150,000	150,000	-
Other notes receivable	12,500	12,500	-
Deferred income taxes	263,000	263,000	-
Prepaid expenses	80,056	83,755	(3,699)
	4,686,113	5,742,125	(1,056,012)
Related party notes receivable, less current portion	582,355	732,355	(150,000)
Deferred income taxes	2,106,282	1,708,178	398,104
Deferred income taxes valuation allowance	(2,369,282)	(1,971,178)	(398,104)
Capital assets	212,113	261,487	(49,374)
Intangible assets, net	44,188	48,396	(4,208)
Goodwill	3,959,473	3,959,473	-
Other Assets	105,415	105,415	-
Inter company - U-Save / FSNA	(1,899,525)	(2,288,528)	389,003
Total Assets	7,427,132	8,297,723	(870,591)
LIABILITIES			
Bank indebtedness			
Accounts payable	3,169,017	4,198,102	(1,029,085)
Accrued liabilities	294,559	397,094	(102,535)
Deposits received from franchisees	217,044	213,974	3,070
Current portion of insurance loss reserves	376,611	467,924	(91,313)
Current portion of related notes payable	139,303	277,393	(138,090)
Current portion of capital lease obligations	3,271	6,760	(3,489)
	4,199,805	5,561,247	(1,361,442)
Notes payable, less current portion	258,424	258,424	-
Capital lease obligations	1,896	1,634	262
Total Liabilities	4,460,125	5,821,305	(1,361,180)
Shareholders' Equity			
Common shares	62,630	62,630	-
Treasury stock	(25,000)	(25,000)	-
Additional paid-in capital	6,921,006	6,921,006	-
Contributed surplus	1,112,562	1,112,562	-
Accumulated deficit	(5,104,191)	(5,594,780)	490,589
Total Shareholders' Equity	2,967,007	2,476,418	490,589
Total Liabilities and Shareholders' Equity	7,427,132	8,297,723	(870,591)

TAB 1

U-Save Holdings, Inc. and Subsidiaries
Consolidated STATEMENT of OPERATIONS
For six months ending
March 31, 2017

	6 Months
	US \$
REVENUES	
Insurance premiums and related fees	3,442,828
Royalties, licensee fees and other	1,597,966
Initial Franchise fees	109,990
Other Income	-
Total Revenues	5,150,784
OPERATING EXPENSES	
Direct operating:	
Franchise operating	2,422,487
Insurance operating	933,858
Claims expense	515,150
Insurance underwriting expenses	45,686
General and administrative	668,623
Depr/Amortization expense	69,518
Interest expense (recovery)	4,873
Total expenses	4,660,195
Income (loss) from continuing operations before income taxes	490,589
Gain (loss) on discontinued operations	
Income (loss) before income taxes	490,589
Income tax expense/(benefit)	-
Net Income (Loss)	\$ 490,589
Retained earnings (deficit), opening	(5,594,780)
Retained earnings (deficit), closing	\$ (5,104,191)

TAB 1

U-Save Holdings, Inc. and Subsidiaries
Consolidated STATEMENT of CASH FLOW
For six months ending
March 31, 2017

	Six Months Ended March 31, 2017
Cash flows from continuing operations	
Operating activities	
Profit	\$ 490,589
Items not affecting cash:	
Amortization and depreciation	69,518
Provision for doubtful accounts receivable	154,201
Changes in non-cash working capital:	
Accounts receivable	65,591
Prepaid expenses and other assets	3,699
Accounts payable and accrued liabilities	(1,134,848)
Insurance loss reserves	(91,313)
Deposits received from franchisees	3,070
Net change in non-cash working capital	(1,153,801)
Net cash provided by (used in) operating activities	(439,493)
Investing activities	
Change in restricted cash	172,595
Property and equipment expenditures	(15,935)
Repayments on notes and other receivables	150,000
Net cash provided by (used in) investing activities	306,660
Financing activities	
Repayments of note payable	(138,090)
Net increase (decrease) in due to affiliates	(389,003)
Net cash used in financing activities	(527,093)
Net decrease in cash from continuing operations	(659,926)
Net cash flows from discontinued operations	
Operating activities	-
Net cash used in discontinued operations	-
Net cash used during the period	(659,926)
Cash and cash equivalents, beginning of period	1,523,269
Cash and cash equivalents, end of period	\$ 863,343

TAB 1

U-Save Holdings, Inc. and Subsidiaries
Statement of Changes in Stockholders Equity
For six months ending
March 31, 2017

	Common shares US \$	Treasury stock US \$	Additional paid-in capital US \$	Contributed surplus US \$	Accumulated deficit US \$	Total equity US \$
Balance at September 30, 2016	\$ 62,630	\$ (25,000)	\$ 6,921,006	\$ 1,112,562	\$ (5,594,780)	\$ 2,476,418
Profit (loss) from continuing operations	-	-	-	-	490,589	\$ 490,589
Balance at March 31, 2017	62,630	(25,000)	6,921,006	1,112,562	(5,104,191)	2,967,007

TAB 1

Form 26

Exhibit C

Description of U-Save Holdings business operations

U-Save Holdings, is a holding company, and operates one principal subsidiary, U-Save Auto Rental of America Inc. ("U-Save"). U-Save licenses franchises to operate U-Save Auto Rental and U-Save Car & Truck Rental businesses worldwide and offers to franchisees and independent car rental operators ("associates") insurance products including liability and physical damage coverages on their rental fleet. U-Save also operates an association, Auto Rental Resource Center ("ARRC"), which provides insurance discounts and products and services to its members who operate independent vehicle rental businesses.

TAB 2

Form 26
Exhibit A
FSW LLC, as of March 31, 2017

Valuation for FSW LLC

The valuation for FSW LLC is likely zero (0) at the present time. As shown on the attached Financial Statements, the liabilities of the company are significantly greater than the company's assets, and there are no current business operations within the company.

TAB 2**FSW LLC****BALANCE SHEET****As of MARCH 31, 2017**

	UNAUDITED As of March 31, 2017 US \$	Audited As of Sept 30, 2016 US \$	Net Change
ASSETS			
Cash and cash equivalents	\$ 30,688	\$ 34,370	\$ (3,683)
Restricted cash and cash equivalents			
Accts receivable, net of allowances for doubtful accounts			
Related party accounts receivable			
Related party notes receivable			
Other notes receivable			
Deferred income taxes			
Prepaid expenses			
	<u>30,688</u>	<u>34,370</u>	<u>(3,683)</u>
Related party accounts receivable, less current portion			
Related party notes receivable, less current portion			
Due from shareholder, net of allowance			
Other notes receivable, less current portion			
Deferred income taxes			
Deferred income taxes valuation allowance			
Capital assets			
Intangible assets, net			
Goodwill			
Other Assets			
Total Assets	<u>30,688</u>	<u>34,370</u>	<u>(3,683)</u>
LIABILITIES			
Accounts payable	520,370	520,370	(0)
Accrued liabilities	8,478,402	8,478,402	-
Deposits received from franchisees			
Current portion of insurance loss reserves			
Current portion of related notes payable			
Current portion of long-term debt			
Current portion of capital lease obligations			
	<u>8,998,773</u>	<u>8,998,773</u>	<u>(0)</u>
Insurance loss reserves, less current portion			
Notes payable, less current portion			
Related party notes payable, less current portion			
Capital lease obligations			
Deferred tax liability	-	-	
Total Liabilities	<u>8,998,773</u>	<u>8,998,773</u>	<u>(0)</u>
Shareholders' Equity			
Common shares			
Preferred shares, Series A			
Treasury stock			
Additional paid-in capital			
Contributed surplus			
Equity portion of Convertible Debenture			
Accumulated deficit	(8,968,085)	(8,964,402)	(3,683)
Acc other comprehensive income			
Total Shareholders' Equity	<u>(8,968,085)</u>	<u>(8,964,402)</u>	<u>(3,683)</u>
Total Liabilities and Shareholders' Equity	<u>30,688</u>	<u>34,370</u>	<u>(3,683)</u>

TAB 2**FSW LLC****STATEMENT of OPERATIONS****For six months ending****March 31, 2017**

	<u>6 Months</u>
	<u>US \$</u>
REVENUES	
Insurance premiums and related fees	
Royalties, licensee fees and other	
Initial Franchise fees	
Other Income	
Total Revenues	<u>-</u>
OPERATING EXPENSES	
Direct operating:	
Franchise operating	
Insurance operating	
Claims expense	
Insurance underwriting expenses	
General and administrative	
Depr/Amortization expense	
Interest expense (recovery)	
Loss on settlement	
Total expenses	<u>-</u>
Income (loss) from continuing operations before income taxes	-
Gain (loss) on discontinued operations	(3,683)
Income (loss) before income taxes	<u>(3,683)</u>
Income tax expense/(benefit)	
Net Income (Loss)	<u>\$ (3,683)</u>
Retained earnings (deficit), opening	(8,964,402)
Retained earnings (deficit), closing	<u>\$ (8,968,085)</u>

TAB 2**FSW LLC****STATEMENT of OPERATIONS****For six months ending****March 31, 2017****Cash flow from operations**

Cash from (for) current operations	\$ -
Cash from (for) discontinued operations	(3,683)
Total cash flow from operations	<u>(3,683)</u>

Cash flow from investing

-

Cash flow from financing

-

Net cash flow(3,683)

TAB 2**FSW LLC****Statement of Changes in Stockholders Equity****For six months ending****March 31, 2017**

	Share capital US \$	Accumulated deficit US \$	Total equity US \$
Balance at September 30,2016	\$ -	\$ (8,964,402)	\$ (8,964,402)
Gain (loss) on discontinued operations		(3,683)	\$ (3,683)
Balance at March 31, 2017	-	(8,968,085)	(8,968,085)

TAB 2

FSW LLC

Notes to Condensed Consolidated Interim Financial Statements
As at and for the Three and Six Months Ended March 31, 2017 and 2016
(U.S. Dollars)

1. Significant Events

Simply Wheelz LLC

In July 2012, the Company entered into an agreement to acquire Simply Wheelz LLC f/d/b/a Advantage Rent A Car ("Advantage", "Simply Wheelz" or the "Debtor") from Hertz Global Holdings, Inc. ("Hertz"). The agreement called for the acquisition of Simply Wheelz by Adreca Holdings Corp. ("Adreca"), a subsidiary of Boketo LLC ("Boketo") and an affiliate of Macquarie Capital (USA) Inc. ("Macquarie Capital"). The acquisition of Simply Wheelz by Adreca was completed in December 2012. On May 3, 2013, the Company completed the acquisition of Simply Wheelz by way of a merger of Adreca with and into a wholly owned subsidiary of the Company, with the Company issuing 62,212,600 preferred shares representing approximately 49.76% of the as converted common equity of the Company to Boketo in exchange for its ownership of Adreca.

On November 5, 2013 (the "Petition Date"), Simply Wheelz filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of Mississippi (the "Bankruptcy Court"). Under Chapter 11, the Debtor operates as debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. As a result of the bankruptcy filing, effective November 5, 2013, the Debtor was deconsolidated from the Company's consolidated financial statements.

On April 30, 2014, as part of the bankruptcy proceedings, Simply Wheelz completed the sale of substantially all of its assets under §363 of the Bankruptcy Code to Advantage Opco, LLC d/b/a Advantage Rent A Car ("Advantage Opco"), a subsidiary of The Catalyst Capital Group Inc. ("Catalyst").

On July 18, 2014, Simply Wheelz filed in the Bankruptcy Case a Motion to Assume, Assign and Sell Certain Vehicle Leases with Merchants Automotive Group, Inc. ("Merchants") to Advantage Opco [Dkt. # 619] (the "Motion to Assign") in connection with the sale proceedings before the Bankruptcy Court. In accordance with the terms of the Master Lease, the Motion to Assign requested the Court to recognize that Simply Wheelz's obligations other than with respect to the Leased Vehicles had been terminated and for authority to assign the Leased Vehicles to Advantage Opco. On August 11, 2014, Merchants filed an objection to the Motion to Assign. The Court conducted an evidentiary hearing on this contested matter on April 22, 2015 and briefing was concluded on June 15, 2015.

On December 30, 2015, the Bankruptcy Court entered an Agreed Order approving the assumption and assignment and sale to Advantage Opco of Certain vehicle leases the Debtor had with Merchants.

On December 30, 2015, Simply Wheelz filed its Motion for authority to approve a settlement agreement among Simply Wheelz, Advantage Opco, Catalyst, FSNA, and Merchants and to dismiss the bankruptcy case.

On January 28, 2016, the Bankruptcy Court entered an Agreed Order approving the proposed settlement agreement and dismissing the bankruptcy case. Pursuant to that Order, the Debtor and FSNA each received \$250,000 to pay for certain administrative expenses incurred.

TAB 2

FSW LLC

Notes to Condensed Consolidated Interim Financial Statements
As at and for the Three and Six Months Ended March 31, 2017 and 2016
(U.S. Dollars)

Upon dismissal of the bankruptcy case, the Company regained control of Simply Wheelz. The Company reconsolidated Simply Wheelz in its consolidated financial statements in the second quarter of fiscal year 2016 utilizing the acquisition method of accounting. The opening balance sheet was based upon closing balances as of January 31, 2016. Results of operations have been included in the Company's consolidated financial statements beginning February 1, 2016 (the "Accounting Effective Date") forward, as the activity occurring between the date control was obtained (January 28, 2016) and the Accounting Effective Date was not significant. The major classes of assets and liabilities of Simply Wheelz as of the reconsolidation date of January 31, 2016 are as follows:

	As at January 31, 2016
Current assets	
Cash	\$ 43,196
Total assets acquired	<u>43,196</u>
Liabilities assumed	<u>(8,058,027)</u>
Net	<u>\$ (8,014,831)</u>

The assumed liabilities are included in accounts payable and accrued liabilities in the Company's consolidated statement of financial position at March 31, 2017 and September 30, 2016.

The results for Simply Wheelz for the six months ended March 31, 2017, included in discontinued operations is as follows:

	Six Months Ended March 31, 2017
Revenue	\$ -
Expenses	<u>3,683</u>
Loss from discontinued operations	<u>\$ (3,683)</u>

TAB 2

Form 26

Exhibit C

Description of FSW LLC business operations

FSW LLC has no current business operations.